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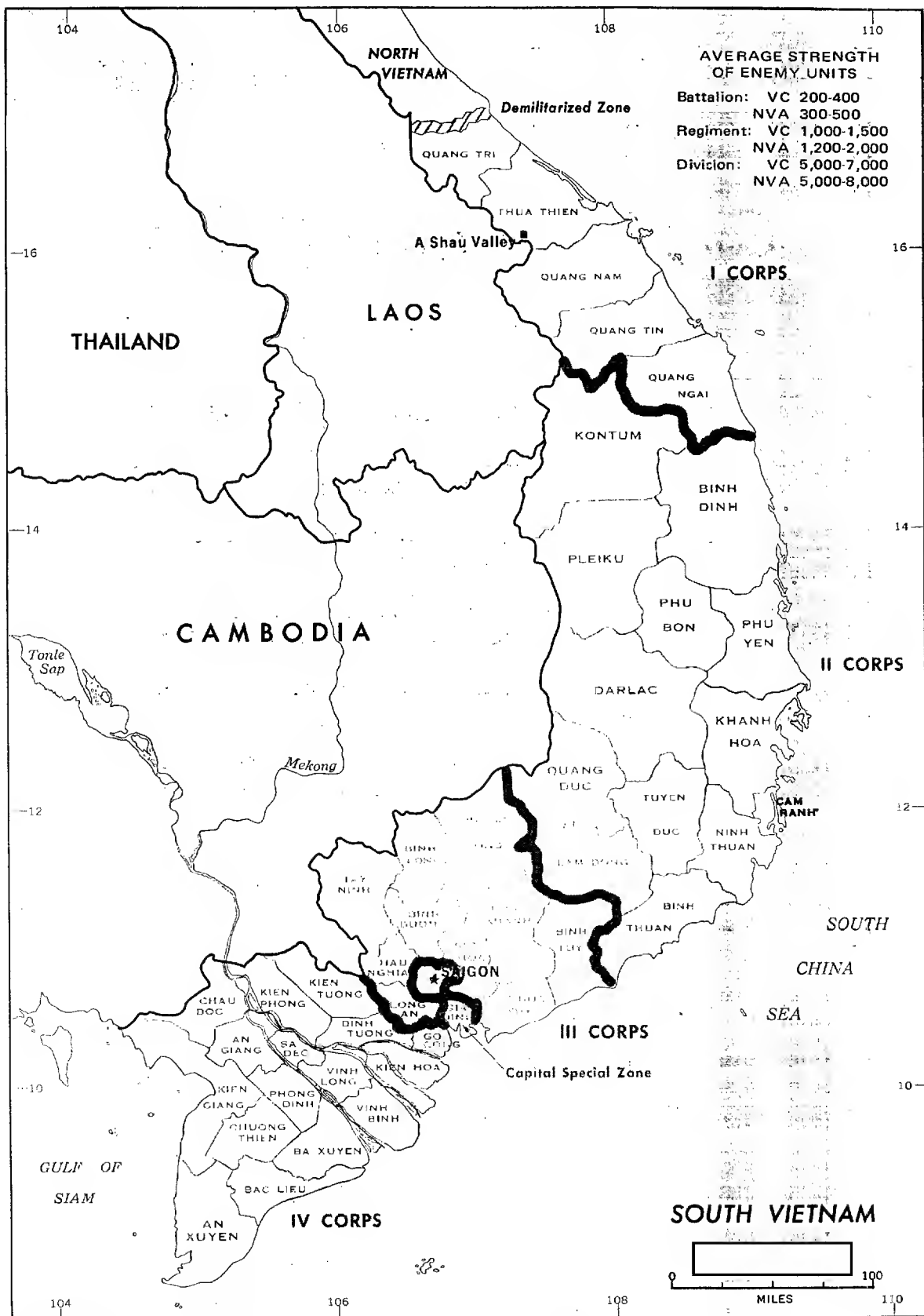
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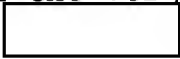

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South Vietnam: Communist forces launched a few sharp attacks against allied bases, hamlets, and refugee camps over the weekend.

A US artillery fire support base near the A Shau Valley was hit by enemy sappers on 14 and 15 June, resulting in a number of US casualties. More than 80 Communists were killed during the abortive attacks. Some hamlets and refugee centers in the II Corps provinces suffered substantial casualties and damage from enemy mortar attacks.

Meanwhile, a variety of sources indicate the Communists are on the verge of launching new widespread attacks.  (Map) 

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[France: Georges Pompidou, winning a clear victory over his rival, now has a seven-year term in which to establish his brand of "Gaullism without De Gaulle."

Pompidou, who won almost 58 percent of the vote to Poher's 42 percent, bettered De Gaulle's total of 55 percent in the 1965 race. Pompidou added only about a million votes, however, to his showing in the first round on 1 June. The two major polling organizations, which erred rather badly in predicting the first round, predicted the second round almost on the nose.

The Communists, who scored a victory on the first round when their man managed to win over four times as many votes as the moderate leftist candidate, also profited from the second round results. By conducting a strenuous campaign for abstention, the Communist Party can take the lion's share of the credit for convincing a number of voters to boycott the election or cast a blank ballot. The total of abstentions plus blank or spoiled ballots--spoiled ballots probably accounting for less than 300,000--ran over 36 percent, compared to about 23 percent in the first round. Already seeking to capitalize on the fact that Pompidou was elected by less than 40 percent of the people, the Communists have labeled him a "cheap president."

Pompidou will formally assume the presidential office after the Constitutional Council officially proclaims the election outcome, probably on Wednesday or Thursday. His first task will be to appoint a new prime minister. High on the list of those being considered is Gaullist Jacques Chaban-Delmas, an able compromiser and consummate politician who has served since 1958 as president of the National Assembly. The new prime minister then proposes a list of ministers to the President, who officially]

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[appoints them. Pompidou will probably try to fashion a ministerial team which will include centrists as well as left-wing Gaullists and Independent Republicans.

It is too early to say precisely in what directions Pompidou will move. As the electoral campaign drew to an end, he was hewing ever closer to established Gaullist positions on foreign policy. With a seven-year mandate now assured him, however, and with a strong parliamentary majority behind him, he is free to put his own stamp on traditional Gaullist policies. He is not likely to depart either too quickly or too markedly from the paths traced by his mentor.

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USSR: The government has announced measures to prevent losses of grain usually associated with harvesting, indicating unusual concern over crop prospects.

As has happened in such situations in the past, the decree calls for the allocation of more machinery to the farms and increased investment funds to cover the construction of grain elevators and storehouses. It also provides for wages and bonuses to be paid nonagricultural workers, required each year to help with the harvest.

Weather conditions this year have been unfavorable in some important agricultural regions. Severe weather damaged a significant portion of the winter grain crops, requiring extensive replanting with spring grains. An unusually late spring made the task of replanting and regular spring planting even more difficult. Normal weather conditions during the summer months and good weather during the fall harvest, however, could enable the Soviets to produce at least an average grain crop. Since their long-run goal has been to increase agricultural production despite the weather, an average crop year would be disappointing to the leadership.

The successful harvests of the last three years apparently have stifled enthusiasm up to now for increasing investment in agriculture. The threat of a relatively poor performance this year may reawaken interest at the top for providing this sector with increased funds.

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Bolivia: [The government threatens to cancel a contract with a US company to build a gas pipeline to Argentina.]

[The Williams Brothers Company was awarded a contract to build a pipeline from the gas fields in Santa Cruz to the Argentine border. Although this contract was approved by the World Bank for a loan to Bolivia, it has come under heavy criticism in Bolivia as an example of "imperialist" penetration of the economy. In addition, Williams Brothers is involved in a tax dispute with the government as a result of a previous operation.]

[President Siles is loath to oppose public sentiment against the contract. He has, in fact, taken advantage of a report that an Italian firm would construct the pipeline for \$200,000 less and has asked Williams Brothers to invest \$200,000 in some other Bolivian project.]

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[cancellation could bring into play the Hickenlooper Amendment to the Foreign Assistance Act.]

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Peru: The Communist labor confederation (CGTP) is gaining considerable strength and will probably soon obtain official government recognition.

The CGTP already controls the majority of the mining industry unions, including those at the three large US mining companies, and is moving rapidly in other industries and in regional federations. The rival APRA-controlled confederation has dominated the labor scene in Peru since 1946 but seems unable to stop the Communist drive, which is even moving into the sugar industry, a traditional APRA stronghold.

The CGTP used its first anniversary celebration last week to step up its efforts to gain new affiliates so it can meet the minimum requirement for government recognition. Representatives from the Soviet Union, as well as other East European and Latin American countries, were in Peru for the week-long celebration. There is some indication that the CGTP is receiving substantial financial help from the Soviets, enabling it to step up its organizing activities.

The military government has recently begun to concentrate more on its anti-APRA campaign, and there is a real possibility that the Communists will ultimately gain control of the majority of organized labor.



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Western Europe: Progress toward a tripartite gas centrifuge agreement appears to be slowing somewhat.

According to a West German Science Ministry official, the meeting of ministers of the UK, West Germany, and the Netherlands on 9 June to discuss the centrifuge was held "too early" and consequently became bogged down in technical details. Meetings of experts will apparently now take place toward the end of June; this, it is hoped, will permit the ministers to sign a final draft agreement at their next meeting. An official of the Dutch Embassy in Bonn expects, however, that an additional ministerial meeting to resolve differences among the three governments may be necessary. He also noted that EURATOM would have to "review and sanction" any agreement.

The Dutch and the British have not resolved differences over locations for the headquarters of the centrifuge consortium and for the initial production facilities. Dutch expectations that agreement is still some way off may reflect reports of serious dissension within the Dutch cabinet on issues surrounding the agreement. Foreign Minister Luns apparently succeeded in moderating the position of a number of ministers who wanted the UK specifically to commit itself in the agreement not to use centrifuge-produced enriched uranium for its weapons program. The Netherlands does, however, want "ironclad guarantees" from the West Germans that they will not make military use of the fuel produced.

In addition, a Dutch parliamentary committee has been stressing the necessity for a specific provision against establishment of a centrifuge facility on German soil so long as Germany has not signed the nonproliferation treaty.



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Brazil: Governor Rockefeller will probably be met in Brazil by student disruptions similar to those he faced in earlier visits to other Latin American countries. The Governor's first stop, Brasilia, should be relatively quiet, but student activists are trying to stir up enough trouble there to avoid putting a damper on demonstrations planned for Rio de Janeiro and Sao Paulo. The most serious opposition to the visit is expected in Sao Paulo where students reportedly are coordinating plans for some dramatic disruption.

* * *

Argentina: President Ongania's cabinet re-organization met with considerable high-level military dissatisfaction, and he has lost some personal power and prestige. Key armed forces officers--

are extremely displeased with the appointees to the cabinet, with the strongest opposition concentrated on the interior minister. While there seems to be no plan to try to replace Ongania at this time, he risks ouster should he attempt to remove a top military man or fail to handle effectively the labor or student situation. The reorganized administration's first test may come tomorrow, over how it handles a 37-hour general strike which is scheduled in Cordoba, scene of serious violence in May.

Honduras: A government crackdown on striking teachers and students is likely soon. Education buildings previously occupied by the strikers have been vacated, but further demonstrations and disturbances are expected. Several persons have been injured in attacks and reprisals between rival student organizations. There are indications that Minister of the Presidency Ricardo Zuniga, close adviser to President Lopez, is behind much of the trouble, in a typical maneuver to remind Lopez that he needs Zuniga.

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